

HB0996/483327/1

BY: Economic Matters Committee

AMENDMENTS TO HOUSE BILL 996
(First Reading File Bill)

AMENDMENT NO. 1

On page 1, in line 4, after “by” insert “a board of directors of”; and in the same line, strike “or its stockholders”.

AMENDMENT NO. 2

On page 4, after line 23, insert:

“(C) “DATE OF THE DEFECTIVE CORPORATE ACT” MEANS:

(1) THE DATE AND THE TIME A DEFECTIVE CORPORATE ACT WAS PURPORTEDLY TAKEN; OR

(2) IF THE EXACT TIME IS UNKNOWN, THE DATE AND APPROXIMATE TIME A DEFECTIVE CORPORATE ACT WAS PURPORTEDLY TAKEN.”;

and in lines 24 and 30, strike “(C)” and “(D)”, respectively, and substitute “(D)” and “(E)”, respectively.

On pages 4 and 5, strike beginning with “A” in line 30 on page 4 down through “VOIDABLE” in line 1 on page 5 and substitute “**THE FAILURE OF A CORPORATION TO AUTHORIZE, APPROVE, OR OTHERWISE EFFECT A CORPORATE ACT IN COMPLIANCE WITH THE MARYLAND GENERAL CORPORATION LAW, ITS CHARTERS OR BYLAWS, ANY ACTION TAKEN BY ITS BOARD OF DIRECTORS, A COMMITTEE OF ITS BOARD OF DIRECTORS, OR ITS STOCKHOLDERS, OR ANY PLAN OR AGREEMENT TO WHICH THE CORPORATION IS A PARTY, IF AND TO THE**”

EXTENT THAT THE FAILURE WOULD RENDER THE CORPORATE ACT VOID OR VOIDABLE".

On page 5, in lines 2, 10, and 16, strike "(E)", "(F)", and "(G)", respectively, and substitute "(F)", "(G)", and "(H)", respectively; in line 10, strike "(1)"; strike beginning with "THAT" in line 10 down through "ACT" in line 15 and substitute ", INCLUDING STOCK REISSUED UPON EXERCISE OF RIGHTS, OPTIONS, WARRANTS, OR OTHER SECURITIES CONVERTIBLE INTO OR EXERCISABLE FOR STOCK:

(1) PURPORTEDLY CREATED OR ISSUED AS A RESULT OF A DEFECTIVE CORPORATE ACT, THAT BUT FOR THE FAILURE OF AUTHORIZATION WOULD CONSTITUTE VALID STOCK; AND

(2) THAT CANNOT BE DETERMINED BY THE BOARD OF DIRECTORS TO BE VALID STOCK";

in line 28, after "AUTHORIZED" insert "OR APPROVED"; and in line 29, strike "ACTION" and substitute "APPROVAL".

On page 6, in line 1, after "ACT" insert "AND STOCKHOLDER ACTION IS NOT REQUIRED AS OF THE DATE OF RATIFICATION"; in line 3, after "IF" insert "STOCKHOLDER APPROVAL IS REQUIRED AT THE TIME OF RATIFICATION OR IF"; in line 4, after "AUTHORIZED" insert "OR APPROVED"; in the same line, strike "ACTION" and substitute "APPROVAL"; in line 5, after "ACT" insert "OR STOCKHOLDER ACTION IS REQUIRED AS OF THE DATE OF RATIFICATION"; in line 6, strike "SUBMITS" and substitute "DIRECTS THAT"; in the same line, after "RATIFICATION" insert "BE SUBMITTED"; in line 21, strike "OF" and substitute "PORTION OF VOTES UNDER"; in line 28, after "(2)" insert "(1)"; in line 29, after "CORPORATION" insert "THEN IN EFFECT OR"; and after line 32, insert:

“(II) THE PRESENCE OR APPROVAL OF HOLDERS OF STOCK OF ANY CLASS OR SERIES OF WHICH NO STOCK IS THEN OUTSTANDING OR OF ANY PERSON THAT IS NO LONGER A STOCKHOLDER MAY NOT BE REQUIRED.”

On page 7, in line 21, after “VALIDATION” insert “, NOT TO EXCEED 30 DAYS AFTER THE ARTICLES ARE ACCEPTED FOR RECORD”; strike beginning with “A” in line 22 down through the period in line 25 and substitute “BEGINNING AT THE TIME RATIFICATION IS EFFECTIVE AND WITHOUT REGARD TO THE 120-DAY PERIOD DURING WHICH A CLAIM MAY BE BROUGHT UNDER § 2-707(B) OF THIS SUBTITLE:

(1) A DEFECTIVE CORPORATE ACT RATIFIED IN ACCORDANCE WITH THIS SUBTITLE IS NOT VOID OR VOIDABLE AS A RESULT OF THE FAILURE OF AUTHORIZATION IDENTIFIED IN A BOARD ACTION UNDER § 2-702(A) OF THIS SUBTITLE AND SHALL BE DEEMED A VALID CORPORATE ACT EFFECTIVE AS OF THE DATE OF THE DEFECTIVE CORPORATE ACT;

(2) THE ISSUANCE OF PUTATIVE STOCK PURPORTEDLY ISSUED PURSUANT TO A DEFECTIVE CORPORATE ACT IDENTIFIED IN A BOARD ACTION UNDER § 2-702(A) IS NOT VOID OR VOIDABLE AND SHALL BE DEEMED VALID STOCK AS OF THE TIME IT WAS PURPORTEDLY ISSUED; AND

(3) ANY CORPORATE ACT TAKEN AFTER A DEFECTIVE CORPORATE ACT RATIFIED IN ACCORDANCE WITH THIS SUBTITLE IN RELIANCE ON THE DEFECTIVE CORPORATE ACT HAVING BEEN VALIDLY EFFECTED, AND ANY SUBSEQUENT DEFECTIVE CORPORATE ACT RESULTING FROM THE ORIGINAL DEFECTIVE CORPORATE ACT, SHALL BE VALID AS OF THE TIME THE ACT WAS TAKEN.”;

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in line 30, after “MEETING” insert “IN ACCORDANCE WITH § 2-504 OF THIS TITLE, STOCKHOLDERS AS OF THE DATE OF THE DEFECTIVE CORPORATE ACT,”; and strike beginning with “AS” in line 30 down through “TITLE” in line 31.

On page 8, in line 1, strike “TO STOCKHOLDERS”; in lines 1 and 2, strike “SHALL BE DEEMED TO” and substitute “MAY”; in line 2, after “GIVEN” insert “TO STOCKHOLDERS AS OF THE RATIFICATION AND AS OF THE DATE OF THE DEFECTIVE CORPORATE ACT AND HOLDERS OF PUTATIVE STOCK”; in line 6, strike “TO STOCKHOLDERS”; in lines 6 and 7, strike “THAT DOES NOT REQUIRE APPROVAL OF STOCKHOLDERS”; in line 11, strike “THE”; in the same line, strike “REQUIRED BY” and substitute “GIVEN TO HOLDERS OF PUTATIVE STOCK IN ACCORDANCE WITH”; and in line 17, strike “REQUIRED” and substitute “GIVEN”.

On page 9, in line 2, after “DATE” insert “OF FILING”; and strike beginning with the comma in line 11 down through “RECORD” in line 13.

On page 10, in line 1, after “BY” insert “THE CORPORATION, ANY SUCCESSOR ENTITY TO THE CORPORATION, ANY DIRECTOR OF THE CORPORATION, ANY RECORD OR BENEFICIAL HOLDER OF VALID STOCK OR PUTATIVE STOCK, ANY RECORD OR BENEFICIAL HOLDER OF PUTATIVE STOCK AS OF THE DATE OF THE DEFECTIVE CORPORATE ACT, ANY HOLDER OF A VOTING TRUST CERTIFICATE, ANY HOLDER OF A VOTING TRUST CERTIFICATE AS OF THE DATE OF THE DEFECTIVE CORPORATE ACT, OR”; in the same line, after “ANY” insert “OTHER”; in the same line, strike “OR ENTITY”; in line 14, after “STOCKHOLDERS” insert “AND ANY HOLDERS OF PUTATIVE STOCK”; in line 16, before “NOTHING” insert “(A)”; in line 18, after “OF” insert “RATIFYING OR”; and after line 20, insert:

“(B) THE ABSENCE OR FAILURE OF RATIFICATION IN ACCORDANCE WITH THIS SUBTITLE SHALL NOT, OF ITSELF, AFFECT THE VALIDITY OR EFFECTIVENESS OF ANY CORPORATE ACT OTHERWISE LAWFULLY RATIFIED, NOR

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**MAY IT CREATE A PRESUMPTION THAT ANY CORPORATE ACT IS OR WAS A
DEFECTIVE CORPORATE ACT OR VOID OR VOIDABLE.”.**